GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2029
ANSWERED ON:12.12.2008
EXCISE DUTY EVASION BY CIGARETTE MANUFACTURERS
Singh Shri Kirti Vardhan

Will the Minister of FINANCE be pleased to state:

(a) Whether Commissionerate, Central Excise, Faridabad has dctected huge evasion of Central Excise duty from Cigarette manufacturers;

(b) If so, the details of duty involved and recovered from each of them;

(c) Whether any arrest has been made in this regard;

(d) If so, the details thereof;

(e) Whether any vigilance inquiry has been made in the matter; and

(f) If so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE(SHRI S.S.PALANIMANICKAM)

(a) Some cases of evasion of central excise duty by Cigarette manufacturers have been detected by the Central Excise commissionerates,Faridabad. However, only two cases of evasion involving demand of more than Rs 50 lakhs have been detected.

(b) The number of cases booked and the duty involved for the last three years as per table below

Year	No. of cases booked	Duty involved(Rs. in lakhs)
2006-07	4	17.32
2007-08	10	63.21
2008-09 (upto Nov 2008)	1	108

The details of the two cases involving duty amount ofRs. 50 lakhs and above are as under:

i) Mls. Yash Tobacco: A case of clandestine removal of cigarettes was booked on 11.3.2008. On completion of the investigation, a Show Cause Notice was issued on 9.9.2008 demanding Central Excise duty of Rs.42,72,038/-.The party has paid the duty and paid interest thereon, totally amounting to Rs.54,93,678/-.

ii) Mls. Pelican Tobacco: A case of diversion of raw material was booked on 21.4.2008 against Mls. Pelican Tobacco Co. Ltd. Investigations are underway with regard to clandestine removal by the said unit.The duty evasion so far has been estimated as Rs. 1.08 crore.The unit has paid Rs.70 lakhs voluntarily.

(c) No, Sir.

(d) Not applicable in view of (c) above.

(e) No, Sir.

(f) Not applicable in view of (e) above.